

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 TRSE-00 SS-15 IO-13 AID-05
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E.O. 11652: N/A
TAGS: EAID, IDB, AR
SUBJECT: INTER-AMERICAN DEVELOPMENT BANK REPLENISHMENT NEGOTIATION

REF: STATE 154116

1. IN CONVERSATION JUNE 22 WITH FONMIN DIRECTOR GENERAL FOR ECONOMIC AFFAIRS MUSACCHIO, ECOM COUNSELOR SET FORTH US PRIMARY OBJECTIVES IN UPCOMING REPLENISHMENT DISCUSSIONS AS OUTLINED REFTEL. HE EMPHASIZED IMPORTANCE US ATTACHES TO STRONG ARGENTINE REPRESENTATION AT FUTURE MEETINGS.

2. MUSACCHIO SAID THAT ARGENTINE REPRESENTATION HAS NOT YET BEEN DECIDED BUT IT NOW SEEMS ALMOST CERTAIN THAT THE MINISTRY OF ECONOMY'S SECRETARY FOR PLANNING AND COORDINATION GUILLERMO W. KLEIN WILL ATTEND THE JUNE 29-30 MEETING, ACCOMPANIED PERHAPS BY AN OFFICIAL OF THE CENTRAL BANK. KLEIN IS THE SECOND HIGHEST OFFICIAL IN THE MINISTRY OF ECONOMY, AND WOULD NOT BE ATTENDING THIS MEETING IF HE DID NOT CONSIDER IT OF MAJOR IMPORTANCE TO ARGENTINA. USACCHIO INDICATED THAT A DETAILED REPORT ON THE MADRID MEETING HAD BEEN CARRIED BACK TO THE GOA BY THE ARGENTINE REPRESENTATIVE THERE, AND HE PRESUMED THAT THE ARGENTINE POSITION WOULD REMAIN PRETTY MUCH
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THE SAME AS IT WAS AT MADRID. HE WAS NOT HOWEVER FAMILIAR WITH THE DETAILS OF THAT POSITION, WHICH WAS WORKED OUT BY THE ARGENTINE CENTRAL BANK. HE COULD SAY, HOWEVER, THAT ARGENTINA CONSIDERS THE OBJECTIVES SOUGHT BY THE US AS BASICALLY REASONABLE. HE WAS NOT PREPARED AT THIS TIME TO GO SO FAR AS TO AGREE TO ANY PROPOSALS THAT WOULD IMPLY SIGNIFICANT SACRIFICES

OF ARGENTINE INTEREST TO THOSE OF MEDIUM OR POORER COUNTRIES. HE AGREED HOWEVER THAT THE RESOURCES PLACED AT THE DISPOSAL OF THE POORER COUNTRIES SHOULD BE INCREASED. MUSACCHIO HAD HIS PERSONAL DOUBTS ABOUT THE WISDOM OF THE BASIC NEEDS APPROACH. CARRIED TO THE EXTREME, WHICH HE BELIEVES IT WAS DURING THE ALLIANCE FOR PROGRESS, THIS POLICY COULD LEAD TO AN EXCESSIVE DEVELOPMENT OF SOCIAL INFRA-STRUCTURE WITHOUT AN ADEQUATE SUSTAINING PRODUCTIVE BASE.

3. THE US SHOULD ALSO KEEP IN MIND, HE SAID, THE STRONG ARGENTINE OBJECTION TO THE ATTITUDE TAKEN BY THE US TOWARDS ARGENTINA WITHIN THE IDB. HE IMPLIED THAT THE ENTHUSIASM THAT ARGENTINA MIGHT ORDINARILY HAVE FOR THE US POSITION ON BANK REPLENISHMENT WOULD BE CONDITIONED BY ARGENTINA'S UNHAPPINESS OVER US ABSTENTIONS IN THE VOTING ON RECENT ARGENTINE LOAN APPLICATIONS.

4. WE PLAN TO FOLLOW UP NEXT WEEK WITH THE CENTRAL BANK.
CASTRO

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